

AMENDMENTS TO THE SPECIFICATION:

Please replace the paragraph beginning on page 18, line 4, with the following amended paragraph:

Q¹

Fig. 7 illustrates an advanced diamond zonal search performed by an embodiment of the invention; and

Please replace the paragraph beginning on page 18, line 6, with the following amended paragraph:

Q²

Fig. 8 illustrates a further embodiment of the invention; and

Please add the following new paragraph after the paragraph beginning on page 18, line 6:

Q³

Fig. 9 is a flow chart of a method according to the invention.

Please add the following new paragraphs after the paragraph beginning on page 37, line 4:

Q⁴

Fig. 9 is a flowchart showing steps of a method which is an embodiment of the invention. In step S1 a first block of a first image is selected (a block of the first image which has not yet been encoded). In step S2 a motion vector associated with the block is estimated. In step S3 a reference pixel for the block is defined using the motion vector, at least one threshold is derived using the mismatch of at least one previous block of the first

image (e.g. the adjacent block), a number of zones M is defined, and those M zones are themselves defined.

Q4 In step S4 the index i is set to 1. In step S5 a pixel in the i -th zone is selected. In step S6 a block of the second image is determined based on the pixel selected in step S5, and a mismatch is calculated between the determined block and the first block selected in step S1. In step S7 it is determined whether a termination criterion is satisfied. If so, in step S8 the first block is encoded using the block determined in step S6, and the method then proceeds to step S13. If not, in step S9 it is determined whether the pixel selected in step S5 was the last pixel of the i -th zone. If not, the method loops back to step S5 and a new pixel is selected. If so, the method proceeds to step S10 in which i is incremented by 1. In step S11 it is determined whether this means that i is above M (i.e. all the zones have already been explored). If not, then the method loops back to step S5, to select a pixel of the new i -th zone. If so, the first block is encoded using the one of the block(s) determined in step S6 for which the mismatch was the lowest.

In step S13 it is determined whether there are any blocks of the first image which have not yet been encoded. If so, the method loops back to step S1, in which a (new) first block of the image is selected. If not, the method passes to step S14, and stops.

It is to be understood that this flow diagram is not exhaustive, and that the embodiment may include further steps which are not illustrated, as described in the embodiments of the invention described earlier.
